BUREAU OF AUTOMOTIVE REPAIR

INITIAL STATEMENT OF REASONS

HEARING DATES: March 7 and 9, 2007

SUBJECT MATTER OF PROPOSED REGULATIONS:

I. Low-Pressure Fuel Evaporative System Testing
II. Initial Testing of Test-Only Directed Vehicles at Gold Shield Stations

SECTIONS AFFECTED: §§ 3340.16, 3340.42 and 3392.2, Title 16, Division 33, Chapter 1, Articles 5.5 and 10, California Code of Regulations

This regulatory proposal is designed to implement the following two enhancements to the Smog Check program:

I. Low-pressure fuel evaporative system test (LPFET) for 1976 to 1995 model year vehicles, and
II. Initial testing of test-only directed vehicles at Gold Shield stations.

Implementation of these two components at the same time is sought to increase the emission reductions achieved through compliance with the Smog Check program and to ensure continued program compliance by consumers and the Smog Check industry.

I. Low-Pressure Fuel Evaporative System Testing

SPECIFIC PURPOSE OF REGULATORY PROPOSAL:

This component of the regulatory proposal is designed to implement a recommendation made by the California Air Resources Board (ARB) that would add an additional procedure to the Smog Check test. In its November 29, 2005 report "Environmental Impacts of Implementing a Low Pressure Evaporative Test in the California Smog Check Program" ARB determined that adding a low-pressure fuel evaporative test to the existing Smog Check inspection would be a cost-effective emissions reduction strategy. Not only would the addition of this test help California meet its clean air goals and improve the health of its citizens, it would also satisfy legal commitments with the federal government and environmental groups that threaten to sue the state if such testing is not implemented.

The provisions of this proposed regulation require that, commencing November 1, 2007, affected vehicles must have a test performed of their vapor lines and fuel tanks for evaporative leaks as part of the Smog Check inspection. Harmful hydrocarbon emissions evaporate into the atmosphere as a result of malfunctions of the vehicle's fuel cap, fuel tank, vapor lines, fuel intake and charcoal canister. While evaporative emission controls are very effective in minimizing these emissions, these systems do deteriorate over time and leaks occur.

According to ARB, evaporative emissions will represent over one-half of the total hydrocarbon emissions from the 1976 to 1995 model year light-duty vehicles in 2010, more than the emissions that will be output from the vehicle's exhaust pipe. Specifically, ARB estimates that 140 tons per day (tpd) of hydrocarbons will evaporate from 1976 to 1995 model year vehicles in 2010. Of that, about 42 tpd results from deterioration of the fuel evaporative emission control systems. In its report, ARB estimates that the addition of the low-pressure fuel evaporative test will reduce hydrocarbon emissions by 14 tpd in 2010. This is one third of the 42 tons of evaporative emissions caused by deterioration of the fuel evaporative emission control systems. In addition, ARB estimates that the projected reductions would cost $6,688 per ton in 2010, well under their threshold of $14,300 established for other reduction programs, making this a cost-effective emission reduction.

The low-pressure fuel evaporative test will be added to the existing Smog Check inspection routine that requires 1976 and newer vehicles to pass a Smog Check once every two years in most areas of the state and whenever vehicle ownership is transferred statewide (in most instances). While the Smog Check inspection already includes an inspection of the fuel evaporative system for newer vehicles equipped with second generation on-board diagnostic systems (OBDII), most vehicles 1995 and older are not equipped with the OBDII technology. Thus, this test will be required primarily on 1976 to 1995 model-year vehicles.

In their report, ARB estimates that in 2010 there will be 5,783,020 vehicles in the affected model-year group that will be subject to the proposed low-pressure fuel evaporative test. Since these older model year vehicles eventually wear out, it is anticipated that the fleet subject to this inspection in 2017 will diminish to 3,020,136 and the number of overall failures will drop, but testing is estimated to result in 7.3 tpd of hydrocarbon emission reductions.

In order to perform the low-pressure fuel evaporative test, almost 8,000 Smog Check inspection stations licensed by the Bureau of Automotive Repair (BAR) will need to purchase or lease specially designed, BAR-certified test equipment. If the low-pressure fuel evaporative test determines that the vehicle's fuel evaporative system has leaks, the vehicle would fail the test. Repairs and a retest would be necessary in order to pass the Smog Check test. As discussed in ARB's report, BAR's roadside testing in 2005 shows about 10.6% of the affected model-year vehicles failed the inspection.

This proposal makes the following changes to existing regulation by amending Sections 3340.16 and 3340.42 of Article 5.5 of Chapter 1 of Division 33 of Title 16 of the California Code of Regulations, as follows:

Section 3340.16

1. Add paragraph (10) to subsection (a) of Section 3340.16, which will require, effective November 1, 2007, all smog check test-only stations and, by reference in subsection (a) of section 3340.16.5, smog check test-and-repair stations to have a low-pressure fuel evaporative tester that has been certified by BAR.

Section 3340.42

1. Add a new subsection (c) to Section 3340.42, which will establish the operative date of the low-pressure fuel evaporative systems test as November 1, 2007.

2. Add paragraph (1) to the new subsection (c), which will specify the vehicles that are exempt from the low-pressure test and require the technician to enter "N" (Not Applicable) in the appropriate category when prompted by the Emissions Inspection System (EIS) when inspecting an exempt vehicle. The following vehicles will be exempted:

   A. 1996 and newer vehicles with series II On-Board Diagnostics (OBD II). These vehicles should have on board computers that monitor the efficacy of the fuel evaporation control system. If the evaporation control system is not operating properly, the vehicle's Malfunction Indicator Light (MIL) is illuminated. An illuminated MIL will cause a vehicle to fail a smog check inspection.

   B. Vehicles for which there are no fuel tank filler neck adapters.

   C. Vehicles powered by fuels other than gasoline. Alternatively fueled vehicles use fuels that are highly pressurized and therefore are not compatible with this type of testing.

   D. Vehicles not originally equipped and not required by state or federal law to be equipped, with a fuel evaporation control system. A vehicle without a fuel evaporation control system cannot be tested.

   E. Vehicles with two or more fully operational fuel tanks; and

   F. Vehicles with a fuel evaporative canister and fuel vapor hoses that are not readily accessible or would require the partial dismantling of the vehicle in order to gain access to them for testing. If a technician determines that the test is infeasible, the technician shall write on the vehicle inspection report the

location of the canister. The infeasibility exemption is critical to prevent long inspection times and consumer inconvenience. Perhaps more important, however, is the concept that this exemption will serve as a buffer to restrain the potential increase in inspection costs. Without the exemption, a technician could conceivably spend hours disassembling a vehicle to gain access to the charcoal canister. The hours of disassembly and re-assembly could conceivably raise the inspection price to levels that would either lead to consumer complaints or program noncompliance, or both.

3. Add paragraph (2) to the new subsection (c), which will specify the proper inspection and data entry procedures to be followed by technicians in conducting the low-pressure fuel evaporative test. In general, technicians have to seal off the charcoal canister and then, using the tester, pressurize the remainder of the system. Technicians shall follow the directions supplied by the tester's manufacturer for conducting a test with that equipment. If the tester detects a leak, the vehicle fails the inspection. At the conclusion of the test, the technician shall return the vehicle to its original pre-test configuration.

4. Add paragraph (3) to the new subsection (c), which will provide that performance of the low-pressure fuel evaporative test does not excuse the technician from performing a visual inspection of the fuel evaporative control system or a liquid fuel leak inspection.

5. The current subsections (c), (d), (e) and (f) will be renumbered as (d), (e), (f) and (g), respectively, to conform to the addition of the new subsection (c).

6. Several nonsubstantive grammatical and editorial changes are also made throughout this section.

Incorporation by Reference:

The incorporation by reference in subsection (a) of Section 3340.16 of the *Low-Pressure Fuel Evaporative Tester* (LPFET) *Specifications* dated October 2006, is appropriate because to publish this document in the California Code of Regulations would clearly be cumbersome, unduly expensive, impractical and unnecessary. The document consists of 36 pages and is extremely technical in nature. The equipment manufacturers use the specifications to design and construct the testing equipment for BAR certification. These specifications mean little to the Smog Check industry in general since they are design and construction specifications, but they are always available to anyone upon request from the BAR Engineering and Research Division. These specifications will be available for review throughout the regulatory process.

FACTUAL BASIS:

The health affects of air pollution have been well documented. At greatest risk are children, the elderly, and those with heart and lung diseases. Pollutants of concern include ozone (or smog), particles, and toxic air pollutants. Ozone is formed from the interaction of hydrocarbons (HC) and oxides of nitrogen (NOx), both emitted from motor vehicles, in the presence of sunlight. Motor vehicle toxins include benzene, a constituent of gasoline. The proposed low-pressure fuel evaporative test will reduce both the hydrocarbon precursors to ozone and the toxic compounds from motor vehicle fuel evaporation.

The effects from short-term exposure to ozone include hospital admissions for respiratory causes, emergency-room visits for asthma, minor restricted activity days, acute respiratory symptoms, exacerbation of asthma, and premature mortality (National Research Council 2002; U.S. Environmental Protection Agency 2004). There is more limited evidence that long-term exposure to ozone may result in new cases of asthma and premature mortality.

In addition, the statewide cancer risk from certain air toxins remains unacceptably high. Compounds emitted from motor vehicles and their fuels, including benzene from gasoline, dominate the statewide risk. Chemicals from industrial and commercial facilities, including oil refineries and service stations, expose some communities to higher than average air pollution levels. The federal Environmental Protection Agency's (USEPA) recent National Air Toxics Assessment found that one in every 15,000 Californians is at risk of contracting cancer from air pollution in his or her lifetime; benzene and butadiene from gasoline topped USEPA's list (Los Angeles Times, 3/22/06). The acute effects of benzene exposure include central nervous system symptoms such as nausea, tremors, headache, dizziness, and drowsiness. About one-half of the 12,300 tons of benzene emitted in 2005 came from motor vehicles, including evaporative leakage, according to ARB.

Concern about the health impacts of air pollution resulted in the implementation of California's Smog Check program that meets federal and state mandates. The State Implementation Plan (SIP) adopted in 1996 proposed a Smog Check program designed to reduce HC and NOx emissions. Moreover, the federal government required an evaporative system test as part of the Smog Check inspection for which the SIP took full credit.

In 2000, ARB reported on its evaluation of the Smog Check program. They found that the program fell short of the SIP emission reduction goals, one reason being that the emission reduction commitments in the SIP assumed evaporative emission reductions equivalent to USEPA's recommended pressure/purge test. However, such testing was not implemented as part of the Smog Check inspection because evaluation indicated that the purge test was more complex than intended and potentially induced evaporative system leaks.

In an August 17, 2000 letter to U.S. EPA, ARB and BAR committed to adding a new low-pressure test of the fuel evaporative system to its evaporative testing program.

The commitment was made in response to the notice of intent to sue filed in July 2000, by the Natural Resources Defense Council (NRDC) and the Coalition for Clean Air.

Since 2000, ARB and BAR have worked together to assure the successful implementation of the LPFET by examining the rate of false failures, developing new testing technology that is accurate for use in California, understanding the reparability of evaporative leaks and the associated emission reduction benefits, and gauging the portion of the vehicle fleet that could be effectively tested. As a result of these efforts, in a memo dated November 30, 2005, ARB reported that the test equipment functioned properly and urged BAR to implement the LPFET as expeditiously as practicable, as they felt the LPFET would provide significant cost-effective reactive organic gas emission reductions. Based on this recommendation, BAR/ARB conducted a series of workshops in April 2006 offering an opportunity for interested parties to provide input and ask questions relative to the proposed LPFET.

From many perspectives, achieving compliance with the federal air quality standards is vital to California. The federal government may withhold $2.5 billion in highway trust funds or impose other sanctions on the state, including the implementation of a federally designed Smog Check Program. Improving the air quality is essential to the health of all Californians. Senior citizens, the infirm, and children are at greatest risk from poor air quality.

Underlying Data:

- *Low Pressure Fuel Evaporative Testing Workshop*, Bureau of Automotive Repair and California Air Resources Board, April 2006.
- *States Air is Among Nation's Most Toxic,* LA Times, March 22, 2006
- *Environmental Impacts of Implementing a Low Pressure Fuel Evaporative Test in the California Smog Check Program,* California Air Resources Board, November 29, 2005.
- *The SIP update letter to U.S. EPA,* California Air Resources Board, August 17, 2000.
- *Evaluation of California's Enhanced Vehicle Inspection and Maintenance Program (Smog Check II)*, California Air Resources Board, July 2000.

Business Impact:

Smog Check Station Impact

This regulation will require Smog Check stations to purchase or lease a BAR-certified LPFET. The manufacturers of the testing devices estimate that the average cost of the equipment will be $2,750. BAR estimates that the average annual maintenance cost will be $100.
In order to cover the cost of the LPET and the time to perform the test, it is anticipated that Smog Check stations will raise the Smog Check inspection costs. In

their report, ARB estimates an initial average inspection fee increase of $7.50 per test. The $7.50 estimate fee increase was derived from the time to perform the inspection, plus amortized equipment costs (over 5 years). The increased inspection fee will likely be added to the inspection of affected model year vehicles, estimated to be 5,783,020 in 2010 and 3,020,136 in 2017.

Stations will also derive revenue though increased repairs necessary to correct failing vehicles. In their report, ARB estimates an average repair cost of $161 and reports a 10.6% failure rate based on BAR's 2005 study of vehicles tested during a roadside pull-over inspection. The average repair cost is based on repair studies conducted by ARB and BAR jointly in 2002 and 2005. The majority of the estimated repair cost is for labor to replace damaged, or reconnect disconnected, vapor lines, to repair fuel tanks, to replace seals associated with the fuel level sending unit and to correct problems associated with the fuel filler neck. The parts costs were found to be relatively minor. The average labor rate of $74 was used to arrive at the estimated average repair cost of $161.

Consumer Impact

This regulation will require owners of 1976 to 1995 model year vehicles to undergo an additional test in order to pass a Smog Check test. It is estimated that the subject fleet will be 5,783,020 in 2010 and 3,020,136 in 2017.

Consumers may be required to pay increased inspection fees due to the implementation of this regulation. Stations may increase the inspection price by an estimated $7.50 to offset the expenditures for the testers, the nitrogen supply, and the time to perform this additional test. Thus, the average inspection cost could increase to $56.00 from $48.50. This is a biennial or change-of-ownership cost.

In addition to the increased inspection cost, consumers with failing vehicles will be required to obtain repairs in order to pass the Smog Check inspection. It is estimated that 10.6% of the vehicles from model years 1976 to 1995 that are subjected to the new test procedure will fail. In its report, ARB estimates that repair costs associated with the test will average approximately $161, with most involving the replacement of hoses and tubing.

For low-income consumers and consumers directed to test-only stations, BAR has a program in place to help mitigate the cost of emissions related repairs needed to bring a vehicle into compliance with the requirements of the Smog Check Program. The Consumer Assistance Program (CAP) provides up to $500 in repair assistance to qualifying motorists. The CAP program assisted nearly 40,000 motorists with repairs in 2005-2006.

Consumers will benefit from improved health and reduced medical costs from better air quality. Additional benefits include improved vehicle safety from reductions in fuel leakage resulting in estimated fuel savings of up to $4.5 million (annually), and

improved mobility and economic benefits from continued federal transportation funding.

Specific Technologies or Equipment:

This regulation mandates the use of specific technologies or equipment. Such mandates or prescriptive standards are required for the following reasons:

This regulation mandates the use of a BAR certified Low Pressure Fuel Evaporative Tester (LPFET). Section 44036 of the Health and Safety Code requires that BAR certify the inspection equipment used in Smog Check stations. Certification is necessary to ensure uniform and consistent tests throughout the state. For example, on a hot day the pressure generated inside the tank by expanding fuel may mask a leak. The volume of fuel present in the tank also changes the calculations needed to determine if the vehicle passes or fails the test.

This equipment has been developed to include internal tank pressure compensation. Proper compensation for changing temperature, pressure, headspace, and other variables is essential to achieve accurate and consistent tests. The LPFET has been designed to be capable of operating both independent from and integrated with the BAR 97 Emission Inspection Systems; store and transmit electronic test results to the manufacturer's database; and have a manual-pressurizing mode to facilitate repair.

Consideration of Alternatives:

No reasonable alternative to the regulation would be either more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed regulation.

Set forth below are the alternatives which were considered and the reasons each alternative was rejected:

1. BAR considered taking no action, allowing natural vehicle attrition to replace the older vehicles subject to this test; however according to ARB this would not achieve the reductions required for 2010. Although most 1996 and newer vehicles self-monitor for fuel evaporative system leaks, attrition will not occur quickly enough to eliminate a significant number of older vehicles. According to ARB, in 2017, there will still be approximately 3 million 1976 to 1995 model year vehicles with fuel evaporative systems needing inspection in California.

2. The Bureau did consider the testing equipment and procedures suggested in Part 51.357 of Title 40 of the Code of Federal Regulations. Part 51.357 calls for technicians to pressurize the gas tank with what could be characterized as a bicycle pump and use a manometer to monitor pressure decay. The cost of such equipment is approximately $200 or less.

This approach does not compensate for temperature variations or fuel tank volume which affect the accuracy of the test results in order to maximize the potential emission reductions while minimizing false failures. Without correct compensation calculations, vehicles may falsely pass or fail the test and could possibly expose vehicle owners to unnecessary repair expense. The Bureau concluded that these devices would not meet the needs of the program, and would be far less effective than the selected alternative.

3. BAR also evaluated the equipment used in other states to perform this test and found it is proprietary equipment, not commercially available, built specifically for use in localized and centralized, contractor operated test facilities and not suitable for use in individual California Smog Check stations statewide.

   After a careful and thorough evaluation of the trial data, the Bureau found that the testers did not provide accurate and consistent test results under all conditions. Consequently, given the wide range of testing conditions, the Bureau concluded that these products would not meet the needs of the Program, would not be as effective and would be comparable in cost to the alternative selected.

II. Initial Testing of Test-Only Directed Vehicles at Gold Shield Stations

SPECIFIC PURPOSE OF REGULATORY PROPOSAL:

This component of the regulatory proposal is sought to improve consumer convenience with the Smog Check program by authorizing specially licensed Smog Check stations, known as Gold Shield stations, to perform initial Smog Check inspections on "directed vehicles." "Directed vehicles" are vehicles currently pre-selected for testing at Smog Check stations licensed as Test-Only stations. Existing law supports this regulatory proposal (Health and Safety Code Section 44010.5 (b)(2)).

By expanding the testing of directed vehicles to the additional station type of Gold Shield stations, consumers are provided with more choices when seeking compliance with the Smog Check requirements. There will be more stations and more services to choose from when the consumer is directed for testing since there are approximately 500 Gold Shield stations and almost 1,800 Test-Only stations. Gold Shield stations offer more services than Test-Only stations as they can perform emission related repairs on vehicles that fail initial Smog Check inspections and are the only Smog Check station type that is contractually able to perform state funded repairs for the state's Consumer Assistance program. Pursuant to regulations, these stations must meet and maintain specific performance standards and are considered to be high-performing stations. As a result, consumers will benefit from increased services (virtually one-stop shopping) and greater emission reductions due to a higher level of state oversight associated with Gold Shield stations.

In addition to enhancing consumer convenience, this regulatory proposal enhances the existing business opportunities for entities that provide Smog Check services by providing a new incentive for existing Test-Only and Test-and-Repair Smog Check businesses to participate in the Gold Shield program. This new opportunity is another reason why implementation of this proposal is sought at the same time as the low-pressure fuel evaporative testing (LPFET). It provides an incentive for continued participation in the Smog Check program by experienced entities that believe there is little business incentive for them to invest in necessary LPFET equipment in order to continue participating in the Smog Check program. Their concern is that the 1975 to 1995 model year vehicles subject to the LPFET test are the same model year group as the "directed vehicles". While some stations may elect to discontinue offering Smog Check tests because they elect to not invest in LPFET test equipment, others will take advantage of the new opportunity by becoming Gold Shield stations.

Further, data suggests that this change should have little, if any, impact on the emission reductions achieved as a result of the Smog Check program since Test-Only and Gold Shield stations perform similarly based on analysis of their failure rates.

This proposal makes the following changes to existing regulation by amending Section 3392.2 of Article 10 of Chapter 1 of Division 3 of Title 16 of the California Code of Regulations, as follows:

Section 3392.2

1. Add a new paragraph (3) to subsection (a) of Section 3392.2, which will permit Gold Shield stations equipped with a complete BAR-97 EIS, regardless of their program area location, to perform initial Smog Check tests/inspection and certifications of vehicles directed to Test-Only stations.

2. Several nonsubstantive grammatical and editorial changes are also made throughout this section.

FACTUAL BASIS:

As discussed in the factual basis for Item I, regulatory proposal for low-pressure fuel evaporative system testing, concern about the health impacts of air pollution resulted in the implementation of California's Smog Check program to meet federal and state mandates. California's legislature mandated a program in 1994 that authorized a percentage of the vehicles to be directed specifically to Test-Only stations, thereby allowing all other vehicles to select between the various station types.

The primary purpose of the directed vehicle program is to require testing of potential high emitting vehicles, as determined by a statistical database referred to as the high emitter profile (HEP) model, at stations licensed to test vehicles only. These stations are known as Test-Only stations. Direction of vehicles to Test-Only stations is an

element of California's Smog Check program that was sought to comply with the federal Clean Air Act and was based on studies at the time that suggested separating the test function from the repair function provided additional emission reductions.

California began phase in of its directed vehicle program in 1997. In response to a 2000 commitment to the federal government (August 17, 2000 letter to U.S. EPA from ARB and BAR), the number of "directed vehicles" was increased to 36% by December 2002. As part of this commitment to the federal government, California advised that in addition to increasing the number of vehicles to be directed, the type of station that could perform initial tests on directed vehicles could be expanded to include high-performing stations. This was followed by regulations in 2003 that specified performance criteria for Gold Shield stations. Based on the established performance criteria, Gold Shield stations are considered to be high-performing stations. Gold shield stations must have no disciplinary actions against its Automotive Repair Dealer Registration, Smog Check station licenses or the licenses of its technicians or managers; meet strict testing and repair performance standards each calendar quarter; and submit to periodic performance inspections and monitoring.

Currently, the number of vehicles pre-selected for direction annually is 3.44 million vehicles. Of these, 2.8 million are tested at test-only stations. In 2005, 1976 to 1998 model year vehicles were selected for the directed vehicle program. These are basically the same model year vehicles that will be subject to the low pressure evaporative testing.

The failure rate between station types is a measure of station performance. In theory, the initial test should be performed the same resulting in the same outcome regardless of station type, provided the same vehicles are presented in the same condition for testing by each station type. In 2005, a total of 9,201,478 vehicles statewide received initial tests at all types of Smog Check stations. Of these, 86.4% passed and 14.5% failed. By station type, the 2005 data shows somewhat similar failure rates for Test-Only stations (16.8%) and high-performing Gold Shield stations (14.5%). The data for the first quarter of 2006 (January through March 2006) again shows similar failure rates for Test-Only stations (15.2%) and high-performing Gold Shield stations (13.9%). Since Gold Shield stations have a similar failure rate to Test-Only stations, one can assume motorists will receive similar test results at either station type.

The Inspection and Maintenance Review Committee (IMRC) released its draft report "Review of the Smog Check Program" dated September 29, 2006. The report discusses a recent analysis conducted by the IMRC of those vehicles registered in an enhanced area of the state that are not directed vehicles; the owner of the vehicle may choose any type of station, Test-and-Repair, Test-Only, or Gold Shield, for biennial testing. IMRC used this sample to compare Smog Check inspection data and found that there was not significant statistical difference between the failure rates of Test-Only, Gold Shield or Test-and-Repair stations when the data was controlled for variables such as vehicle model year, mileage, vehicle type, and manufacturers.

Implementation of LPFET and direction of vehicles to high performing stations such as Gold Shield stations and Test-Only stations are two of the commitments to U.S. EPA made jointly by ARB and BAR on August 17, 2000.

Underlying Data:

- *Review of the Smog Check Program*, California Inspection and Maintenance Review Committee, September 29, 2006 draft
- *Executive Summary Report for Calendar Year 2006 and First Quarter 2006*, California Department of Consumer Affairs, Bureau of Automotive Repair
- *The SIP Update letter to U.S. EPA*, California Air Resources Board, August 17, 2000

Business Impact:

Smog Check Station Impact

Authorizing Gold Shield stations to perform initial inspections of directed vehicles will potentially increase the volume of inspections performed at Gold Shield stations. An increase in inspections will result in an increase of revenue. In addition, Gold Shield stations may realize additional repair revenue from directed vehicles that fail since they afford consumers the convenience of one-stop shopping. The number of consumers that will seek initial tests at Gold Shield stations versus Test-Only stations is unknown.

Test-Only stations may realize a drop in initial and re-test inspections and income associated with performing such tests due to competition from the Gold Shield stations.

Test-and-Repair stations may anticipate fewer repairs. Currently, Test-and-Repair stations and Gold Shield stations realize repair income from vehicles that fail at Test-Only stations. The number of consumers that will seek repairs at Gold Shield stations versus Test-and-Repair stations is unknown.

The Executive Summary Report for Calendar Year 2005 shows that inspection costs average about $49 dollars for all station types. The average repair cost for Gold Shield stations is $201 and for Test-and-Repair stations is $164.

While this proposal may affect the number of stations licensed by license type, the total number of licensed stations is not expected to change. Smog Check technicians employed at Smog Check stations that leave the program will need to seek new employers. However, since technicians are licensed to perform both tests and repairs, the total number of technicians among all station types is not expected to change significantly.

Consumer Impact:

By expanding the testing of directed vehicles to the additional station type of Gold Shield stations, consumers will be provided with more choices when seeking compliance with the Smog Check requirements. There will be more stations and more services to choose from when the consumer is directed for testing since there are approximately 500 Gold Shield stations and almost 1,800 Test-Only stations. Gold Shield stations offer more services than Test-Only stations as they can perform emission related repairs on vehicles that fail initial Smog Check inspections and are the only Smog Check station type that is contractually able to perform state funded repairs for the state's Consumer Assistance program. Pursuant to regulations, these stations must meet and maintain specific performance standards and are considered to be high-performing stations. As a result, consumers will benefit from increased services (virtually one-stop shopping) and greater emission reductions due to a higher level of state oversight associated with Gold Shield stations.

Specific Technologies or Equipment:

This regulation does not mandate the use of specific technologies or equipment.

Consideration of Alternatives:

No reasonable alternative to the regulation would be either more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed regulation.

Set forth below are the alternatives which were considered and the reasons each alternative was rejected:

No reasonable alternative has been considered, identified or brought to the attention of the Bureau.